

COLOURED COVER

THE ABSURDITY AND INJUSTICE OF SINGLE TAX

AS CARRIED OUT IN THE
WESTERN PROVINCES OF
CANADA

RESPECTFULLY SUBMITTED TO STUDENTS
OF THE SUBJECT OF TAXATION

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P35

BY WM. PEARCE

Errata

SASKATCHEWAN THE HISTORY OF A PROVINCE

Page 114, paragraph 3, line 2, should read:

... This ambitious young Brandon lawyer ...

Page 181, paragraph 5, line 3, should include:

Conservatives, 7; . . .

Page 190, paragraph 3, lines 11 and 12, should read:

... The 46-year-old austere and incisive Meighen . . .

Page 230, paragraph 4, line 14: John Diefenbaker was first elected to the House of Commons in 1940. In the election of 1935, Ernest E. Perley, representing Qu'Appelle constituency, was the one Conservative member from Saskatchewan elected to the House of Commons. Mr. Perley was first elected to the House of Commons in the 1930 general election.

Page 253, paragraph 4, line 4, should read:

Scottish-born, 39-year-old Douglas . . .

Page 258, paragraph 1, last sentence, should read:

Of the 4,195 students registered at the University of Saskatchewan for the year 1946-47, 2,543 students had served in the armed forces.

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THE ABSURDITY AND INJUSTICE OF SINGLE TAX

AS CARRIED OUT IN THE THREE WESTERN
PROVINCES OF CANADA

Under resolution of the Council of the City of Toronto in June, 1912, the Assessment Commissioner of that city was authorized to visit the Western cities of Canada, investigate the question of assessment and taxation and report, which report is dated the 21st November, 1912, and contains a good deal of information worthy of serious consideration. The following are extracts from his report:

"The journey west was commenced September 11th, 1912, and the following cities were visited, namely: Winnipeg, Moose Jaw, Regina, Calgary, Edmonton, Vancouver and Victoria."

The following is an extract from a report in which the Mr. Harris mentioned is the Assessment Commissioner for the City of Winnipeg:

"Mr. Harris informed me that the exemption of buildings from taxation seemed to be a popular cry at the present time. The exemption of improvements, in his judgment, has a centralizing influence in the location of buildings, in the development of a city. He also states: 'Throughout this prairie country there appears to be a great tendency to build in scattered disconnected sections, away from the heart of the city, thus adding very greatly to the expense of constructing and maintaining the various local improvements, by increasing the mileage of the same.' The savings to be effected on such expenditures by a city compactly built would indeed be enormous, and the reduction in the tax rate correspondingly significant."

"He also states that in considering the question of taxation, the fact should not be overlooked that good crops throughout the country are apt to play a very important part in rendering the tax-payers (even in cities and towns) contented and satisfied with their tax bills, irrespective of the system of taxation in force; and that, by reason of this prosperity, when land values are doubling from year to year, little complaint can be made to the taxes levied, and great care should be exercised in deciding

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whether certain changes in the system of taxation, although accepted without serious opposition or complaint, should be considered an unqualified success."

The following refers to Moose Jaw:

"I met the Mayor, Mr. Alfred W. A. Mayberry, who is strongly against the exemption of improvements. The method of taxation did not appear to be of particular interest to those I had the opportunity of talking to on the subject."

The following are the extracts regarding Regina:

"The rate of taxation for 1912 is 12 2-10 mills in the dollar. The assessment on improvements has decreased from 60 per cent. to 30 per cent. in the last two years, the idea being to decrease by 15 per cent. each year until such assessment finally disappears."

"Income is exempt up to \$1,000, and income on salary is totally exempt if the person is also assessed for real estate up to and exceeding the amount for which he is liable to assessment in respect of income."

"In addition to the taxation already mentioned, there is a special charge for thirty years for sewer of seven cents per foot per annum, and for water of seven cents per foot per annum."

"Roadways and sidewalks are paid for by special assessment on the land benefited."

"The business assessment is arrived at by a rating per square foot of space occupied by the different classes of businesses. The minimum rate is 15 cents per square foot, the maximum \$8 per square foot; the higher rate applying to financial institutions."

"In conversation with the Commissioner and Chief Assessor, I was informed that objections are seldom heard regarding the present method of taxation. In discussing the subject with merchants and others, opinions were divided, although the general feeling was that improvements should be assessed at a lesser value than land."

"I had the pleasure, as Toronto's representative, while in Regina, of meeting the Lieutenant-Governor of the Province, His Honor George William Brown, a gentleman of great experience in the affairs of the West. The question of taxation of the Province was one he was very familiar with. His Honor is strongly in favor of the system of single tax, or at least the exemption of all improvements from the tax roll."

The following is an extract from his comments on Calgary:

"As stated, buildings are assessed at 25 per cent. of their value, and it is expected that this will be reduced in 1913 to 15 per cent."

"I had the opportunity of visiting many of the leading establishments in the best business section of the city, and ascertained the very high rents being paid. It is difficult to obtain either business premises or residences. For six-roomed or seven-roomed houses the rents are from \$60 to \$70 per month and on the chief business streets \$600 to \$750 per month, is not an uncommon rent; this for a frontage of 25 ft. and less, the buildings being very ordinary two-storey structures."

In Edmonton all taxation is based on land value, nothing for improvements. The following is an extract from his report regarding Edmonton:

"For sewers the payments are extended over forty years at the rate of 6 cents per foot, or a commutation rate of \$1.03 per foot. Permanent pavements and sidewalks extend over thirty years. Wooden sidewalks extend over eight years. Boulevard improvements, sodding, etc., payments extend over eight years. Frontage tax levied for the extension of water mains, 10 cents per foot per annum. General tax rate for 1912, 12 mills in the dollar. The consensus of opinion, so far as I was able to ascertain, was largely in favor of the system of taxation in vogue."

"Edmonton owns its street railway, water, telephone, electric light, and power systems, all of which, it is stated, are successfully and profitably managed."

The following are his comments regarding Vancouver:

"The land as defined shall be assessed at its actual value, as it would be appraised in payment of a just debt of a solvent debtor. There is no business assessment, nor is income or personal property assessed by the municipality. The Provincial Government, however, assesses personal property and income. In addition, every person, being a male, over eighteen and under sixty years of age, pays an annual tax of \$3. to the Provincial Government."

"In 1910 the assessment on buildings and improvements was eliminated altogether. The assessment on land is \$138,557,595, and the value of improvements, which are not assessed, is \$53,515,295."

"Sewers and bridges are constructed and paid for by the issue of debentures at the public expense. The cost of roadways, sidewalks, cluster electric lighting, street widenings and extensions, etc., is assessed as local improvements against the property benefited."

"I found in my enquiries, considerable divergence of opinion as to the wisdom of exempting buildings and improvements from assessment, the arguments against being based on the large returns received by the owners of improved property. For instance, land 33 feet, assessed at \$23,100, produces a rental of \$8,400 per annum, or over 36 per cent. gross income."

The following is an extract from his comments regarding Victoria:

"A referendum by-law was submitted to the rate-payers on January 12th, 1911; the question asked was: 'Shall improvements be exempted from taxation?' The vote polled in favor of exemption was 2,391, against 476. The total number of voters appearing on the list is 7,282."

"The Government collects from every male, from 18 to 60 years of age, a tax of \$3 per annum; it also assesses and collects taxes on income and on personal property."

"As in Vancouver, I found a divergence of opinion as to the exemption of improvements from taxation. The arguments given are practically the same as stated in the remarks regarding Vancouver. Since my return from Victoria I have received a strong letter from one of the owners of real estate, who draws attention to the fact that neither in Vancouver nor in Victoria has the system been in vogue sufficiently long to prove the merits or demerits thereof. His opinion as to the effect of the system in Vancouver, is that it depreciates the value of suburban and outlying properties."

The following are extracts from his conclusion:

"In conversation with the great majority of the officials of the cities visited, strong doubts were raised by them as to the wisdom of entirely exempting buildings. So long as land was on the increase present obligations could be met by the increasing taxation, but the doubt arose that the present condition of affairs could not continue, and in the event of even the present values remaining, that the taxes now being received would not be sufficient to meet the ever-increasing demands necessary for the development of the municipality. The alternative left is to increase the tax rate. With an increasing tax rate the value of the vacant land to the holder becomes less, and a diminishing assessment follows, and where so much land is vacant and must remain so for years, a serious problem is presented, which time alone can solve."

"Land is claimed to be different from any other form of investment. Is it only made valuable by the people, and to the people it is claimed should go the unearned

increment. Admitting this for the present, how can this best be obtained? Is it by increasing the taxes so that the land is not worth holding, or is it by taxing the land at its full value, together with the improvements thereon? What injustice is done the company or individual who, knowing that taxes are payable on improvements and land, erects a building of two, four, eight, ten, twelve, or fourteen storeys as an investment, and who has calculated the earning power of such investment, if he is compelled to pay the taxes on such improvement? Why should such improvements be exempt from taxation? These very buildings, whether residential or otherwise, are responsible for the present rate of taxation, rendering necessary, as they do, fire and police protection, schools, and in fact all civic services. It does not appear to me that the ability to pay, governed by the earning power of the property, should at any time be forgotten for assessment purposes. From my point of view, this is all-important, and if taxes are removed from improvements the municipality will be waiving a large share of its income, or, at least, will be in a very uncertain position as to its actual revenue from taxation. With land over-taxed the city will become in times of depression possessed of an asset not producing revenue. This was the history of Toronto in the passing of the boom in 1889 and 1890, and it took twenty years before the city got its unpaid taxes back, although, it is quite true, with a profit."

"It seems to me further, that to exempt buildings from taxation is, in a measure, to drop the substance for the shadow, and from past experience it would seem to me wiser to hold what we have than to experiment with an academic question which has not been tried out. Cities which now exempt improvements can only prove the wisdom of such system after a trial embracing a time of prosperity and a period of depression, and until then it does not appear to me advisable to make any change in the present method of assessing land and improvements. The wonder to me is why the Western cities exempt improvements. They have no other property so permanently able to pay the taxes. The rents are enormous, buildings are not erected fast enough to meet the demand, yet further profits are added to the owners of the buildings, equivalent to the taxes on the value of the buildings now exempt."

"Surely demand and supply must eventually work together, and when the supply becomes equal to the demand the rents will adjust themselves down to or near the value of money."

"To my mind the lesson from the West is not the exemption of improvements, but rather to fix the assessment of real estate at a point where such property, being properly improved and intended to be revenue-producing, has the capacity of earning the present value of money. This, I believe, is practical, and, it may be argued, all that any municipality is entitled to by way of taxes. We cannot prevent speculation in land, but if it is determined that the people should participate in the profits made in land, the registration of the consideration paid therefor can be made obligatory on the part of the vendor and vendee, and such percentage thereof can be taken by the municipality for its share of the transaction, as may be deemed advisable."

"With the optimism which exists in all the Western cities, no doubt they will be able to meet a crisis, should one arise, but it did appear to me that the very large area of vacant land within their city limits, as compared with the small proportion of improved property, rendered the problem of providing the necessary funds to meet the never-ending demands of all progressive cities, a most serious one."

"Regarding Toronto, we are aware of the great increases in assessment during, say, the past six years. The total increase in assessment for the years 1908 to 1912 (5 years) amounted to \$159,571,855, or an average of nearly \$32,000,000 per annum."

"For the year 1913 an increase over 1912 is shown of \$82,387,937, the total assessment for 1913 amounting to \$426,127,851, as against an assessment for 1912 of \$343,739,914. Notwithstanding the large increase for the past five years, the tax rate is 18½ mills in the dollar for 1912, for 1911, 18 mills, for 1910, 17½ mills and for 1909 and 1908, 18½ mills in the dollar, or an average of 18.2-10 mills for the past five years. It has evidently required these rates to produce sufficient taxes, together with revenue from other sources, to provide for the municipal necessities of Toronto. To reduce the assessment on buildings and improvements will mean an increased tax rate. The burden of taxation may be shifted, but you cannot abolish it."

"Land may not be assessed at a greater sum than its actual value, and why not buildings, having regard to their earning power, together with the land so improved? The present method of assessment does not appear to have retarded the growth and prosperity of this city. For the past six years the increase in the assessment of buildings

alone amounted to over \$75,000,000 and land over \$130,000,000. The assessed value of land for 1913 is \$201,578,079, and for buildings and improvements \$159,659,981."

"My own conviction is that the inequalities in the assessment are for much the greater part in the assessment of improvements. This of necessity must be, and is owing to the increasing cost of building material, labor, etc., and without a special assessment directed towards the value of buildings every few years, or an added percentage of increased cost of construction placed thereon, the present assessment on buildings erected within, say, the past two years, must be relatively higher than those erected in the years previous thereto."

"In view of all the circumstances, and having regard to the rapid growth of the city and the ever increasing demands caused by the city's development, I am of the opinion that no change should be made in the present system of assessment. However, were it not for the needs of the city, and speaking personally, I would favor a lower rate of assessment on the value of improvements."

"Before closing, I would like to express my due sense of obligation for the many courtesies extended and the time given to me by the many citizens, officials, heads of departments, and mayors of the cities, whom I had the pleasure of meeting."

F. C. Wade, Esq., K.C., of Vancouver, has paid a very considerable attention to the matter of assessment and taxation in the municipalities of the West, and he read a paper at the National Tax Association held at Denver, Colorado, September 11th, 1914, being the Eighth Annual Conference. That paper has been published and it would be very well if the administrators of the governing bodies of our municipalities would obtain copies and peruse them thoroughly.

He states in that paper that, after the introduction of single tax the rate of increase in buildings and improvements in the cities mentioned—namely, Vancouver, Victoria, Calgary, Edmonton, Lethbridge, Macleod, Regina, Moose Jaw and Saskatoon—was phenomenal up to 1912, and that up to that time the advocates of single tax claimed that such progression was largely if not wholly the outcome of the principles adopted. Since that time, however, the rate of decrease in those cities has been also much more rapid than the rate of increase, and he compares them with the condition existing in cities since 1912, in which single tax is not in effect. The cities mentioned as belonging to the latter class are Winnipeg, Toronto, Montreal, St. John,

Fort William, Port Arthur and Brantford. The present writer has worked these out by percentages, thinking that by that means the condition could be more readily grasped than by merely quoting amounts. He has also, however, given the figures so that the reader can readily check his statement. The following are the results:

LARGELY OR WHOLLY SINGLE TAX CITIES

Building Permits for 1914 are Based Proportionately on Number of Months for which there were Returns

	Percentage 1913 of 1912	Percentage 1914 of 1913	Percentage 1914 of 1912	Amount 1912	Amount 1913	Amount 1914
Vancouver	53.7	48.8	26.3	\$19,388,322	\$10,423,197	\$ 5,094,447
Victoria	49.3	93.4	46.0	8,208,322	4,037,992	3,773,256
Calgary	42.3	38.15	16.1	20,394,220	8,619,653	3,288,200
Edmonton	63.9	No returns for 1914		14,446,819	9,242,450	No returns
Lethbridge	37.2	117.6	43.7	1,358,250	504,954	593,930
Macleod	79.5	No returns for 1914		220,000	175,000	No returns
Regina	49.9	67.4	33.6	8,047,309	4,018,350	2,710,240
Moose Jaw	86.0	17.9	15.4	5,275,797	4,538,470	814,600
Saskatoon	58.3	13.5	7.9	7,640,530	4,453,845	603,900
Prince Albert	68.7	20.8	14.3	2,008,000	1,380,390	288,730
Average	58.88	52.2	25.27	86,987,569	47,394,301	17,167,303
Deducting Edmonton and Macleod				74,666,819	9,417,450	
				72,320,750	37,976,851	

The whole together gives 1913, 54.5 per cent. of 1912; omitting Edmonton and Macleod, for which there were no returns for 1914, the balance gives 1913, 52.5 per cent. of 1912; 1914, 45.3 per cent. of 1913; and 1914, 23.7 per cent. of 1912.

Taking next the cities in which the single tax is not given effect to, the following are the results; except for Winnipeg there are no returns for 1914, so that the comparison is confined to 1912 and 1913, and there is no doubt that if they were carried on for 1914, the difference in the result would be still more striking.

NON-SINGLE TAX POINTS

Building Permits

	Percentage 1913 of 1912	Percentage 1914 of 1913	Percentage 1914 of 1912	Amount 1912	Amount 1913
Winnipeg	89.7	79.6	71.4	\$ 20,475,350	\$ 18,357,150
Toronto	98.7	No returns		27,401,761	27,038,624
Montreal	137.6	"	"	19,641,955	27,032,097
St. John	500.	"	"	500,000	2,500,000
Ft. William	107.6	"	"	3,746,565	4,029,965
Port Arthur	77.6	"	"	2,494,179	1,935,680
Brantford	114.9	"	"	1,015,886	1,167,105
Average	1126.1			75,275,696	82,060,621
	160.8			1913 equals 109% of 1912	

Mr. Wade goes on and gives the bank clearings of the first-named cities, of 1912 and 1913, omitting Prince Albert and Macleod, which do not have any bank clearings. The total figures for 1912 are \$1,655,231,423 and for 1913 \$1,563,199,543, showing a decrease of 5.55 per cent. For the Eastern cities, including all those mentioned in the second list, excepting Port Arthur, and, in addition, taking in Halifax, Hamilton, Quebec, London, Ottawa and Brandon, he makes the total assessment \$7,489,993,789 for 1912 and \$7,648,976,616 for 1913, an increase of 2.08 per cent.

He discusses the claim that single tax is in favor of the poor man, and shows that it is the reverse. That in 1914 in Vancouver the assessed value of buildings was \$76,199,743, which is 33.7 per cent. of the total assessment of the city, the balance being lands. From January 1st to October, 1914, building permits were \$9,888,440, divided into four classes,—rooming houses 12.2 per cent., factories and warehouses 18.5 per cent., offices and stores 53.0 per cent. and private houses 16.3 per cent. Of the latter the Building Inspector of the city states two-thirds are residences of wealthy men, leaving 5.4 per cent. of all the buildings owned by the poor man. 5.4 per cent. of \$76,199,743—\$4,114,861, the poor man's share, and 94.6 per cent. or \$72,084,957, the rich man's share. Taking the total improvements exempted for Vancouver since 1910, viz., \$267,172,837, of that the poor man's share was \$14,427,333 and the rich man's \$252,745,504, or \$1 for the former and \$17.52 for the latter. This system of taxation is called the "Poor Man's Boom"; we hear nothing about the "Rich Man's Boom."

Do not imagine that the actual facts have entirely escaped the attention of the workingman. In June of this year a delegation of the Trades and Labor Council of Vancouver, consisting of the president, vice-president and chairman of the parliamentary committee, gave evidence before the high cost of living commissioners sent out by the Federal Government to conduct inquiries. The Vice-President, Mr. McVety, was asked if the Vancouver system of single tax had been of benefit to the laboring classes. His reply was that the single-tax system did the working class no good, for it fell relatively harder on the poor man, whose property is not improved, or, if improved, is but slightly so. Wages here had remained the same, he said, and from the laboring man's standpoint single tax had not been of benefit."

With particular reference to the exemption of skyscrapers it is sometimes argued by single-tax organs that

the land on which a sky-scraper is built is much more valuable than the building, while the workingman's building, as a general thing, costs much more than the lot on which it stands. The exemption of buildings would, therefore, be more in his interest than the exemption of the land. Unfortunately for the argument, it is based on false premises. To begin with, sky-scrapers are as a rule more valuable than the land on which they are placed. Take the assessment of six of the principal blocks in Vancouver:

Block	Improvements	Land
Burns Block.....	\$ 650,000.00	\$ 150,000.00
Birks Block.....	600,000.00	137,500.00
Rogers Block.....	580,000.00	287,000.00
Metropolitan Block.....	300,000.00	118,000.00
Winch Block.....	340,000.00	157,000.00
Canada Life Block.....	225,000.00	107,400.00
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	\$2,695,000.00	\$ 956,900.00
Of the whole	73.8%	26.2%

"These are representative instances, and they clearly prove the reverse of the contention. The 'improvements' in these six instances are assessed at, not less than, but at nearly three times as much as the land. An examination of the assessment of all the other skyscrapers in the city will give about the same results. The inference is that the rich owner of 'improvements' escapes taxation on about two-thirds of his property, and is taxed on one-third, instead of being taxed on two-thirds and exempt on one-third. Nor are the other half of the premises correct. A workman's house is sometimes more valuable than his lot, but often the lot is the more valuable of the two. In any case, where would the workingman's condition be improved by the city exempting his paltry hundreds invested in buildings against many millions? The assessment value of buildings in Vancouver for 1914 is \$76,199,743. At 20.44 mills on the dollar this would yield to the city \$1,709,922, or more than half the total taxes for 1914, which amounted to \$3,209,470, and considerably more than \$1,490,926, the total general taxes (that is, less school and sinking fund levies). What, then, becomes of the contention that the workingman would be taxed more if the millions now exempt were required to pay their share, or some portion of it? How can it be said that his taxes would be increased if the great bulk of them were taken off his back and placed on the broad shoulders where they belong?"

In an article by Mr. Wade, which appeared in the Vancouver "Sun" on the 18th February last, he quotes a Mr. Aubrey, of Toronto, who said "that the single tax bore much more heavily on land than on buildings—in other words, that the buildings were in many cases much more valuable than the land."

And "The average assessment on workingmen's houses in Toronto is ascertained to be in the neighborhood of a value of \$3,000 for a six-roomed house, and the house will be built upon from fourteen to nineteen feet of land, for which the builder pays \$15 to \$35 per foot. This means that the land occupied by the workingman's home is worth from one-third to one-sixth as much as the building. The assessment on a number of such houses built in Toronto a year ago is: Land \$518; buildings \$1,500, so that under the single tax system he would be considerably better off than he is at present."

"Again, it might be urged that the facts as they exist in Vancouver would be a better guide. It is not the custom of our Vancouver workingmen to build \$3,000 houses on fourteen to nineteen foot lots. Neither end of the statement represents the conditions existing here. The latter part of the paragraph seems to show that they do not obtain in Toronto. The disparity between the assessment of workingmen's houses and lots in Vancouver sometimes shows the house more valuable by a few hundred dollars, while often the lot is more valuable. But even if the "improvements" were always a few hundred dollars greater in value, where is the workingman's condition improved by the city exempting his paltry hundreds against many millions?"

The Assessment Commissioner's Report for the City of Toronto for 1912, the last year available, gives under the head of "Realty," which includes land and buildings, \$291,799,595. Of this assessment 50.4 per cent. is land and 49.6 per cent. is buildings and improvements. Applying those percentages to the assessment of 1913 gives land \$188,189,088; buildings \$183,726,105; personality; business and income is \$64,143,356. Total assessment, \$436,058,549.

Divided into percentages gives: Land 43.2 per cent., buildings 42.1 per cent., personality, etc., 14.7 per cent.

The case was succinctly put in another form by Mr. James Scott, of Winnipeg, in a Vancouver interview:

"What you want here," said Mr. Scott, "is for your workingmen to get homes of their own and to have a



permanent interest in the city. Now let us take the man who owns a \$500 lot in the outskirts of the city. In many cases he will be in a district where there is an absence of permanent improvements and having to put up with a two or three-plank sidewalk, rough graded streets and many other inconveniences. If he builds he will probably, as is generally the case, put up a house of the value of his lot, namely, \$500, or perhaps even less. Under these circumstances and under the single tax system he gets off his assessment \$500."

"Now let us look at the rich man. Supposing, by way of example, he buys a \$20,000 lot in a more favored part of the city where he has permanent streets, boulevards and every convenience at hand. On this property, then, he erects a \$100,000 residence. What does he get? Under the single tax system he gets \$100,000 off his assessment, or just five times the amount his lot cost. Compare this with the case of the poor man and you will see how it works."

By way of further illustration, Mr. Scott might have pointed out that his rich man, for whom the costly improvements of the city have been provided, receives just two hundred times the exemption enjoyed by his working friend, or, in other words, two hundred workingmen's houses would receive no more from the exemption of improvements than one rich man's house. And yet we are told that the exemption of improvements is very much to be desired in the interests of the poorer classes of the community!

The city where the greatest number of workingmen own their homes should be the paramount aim of municipal administration. The old adage reads, "Rent a man a garden and he will convert it into a desert, give him a desert and he will convert it into a garden." Improvements and ownership go hand in hand. Ownership breeds steadiness of purpose, spreads content and stimulates development. While single taxers claim to have the betterment of the working classes especially in view, it can easily be demonstrated that the exemption of improvements bears heavily on the small lot-owner, and is a menace to the home. First let us understand who pays the taxes under the system of exempting improvements.

The "Province" states that for the last ten years in Vancouver the per capita rate of taxes has increased 149.8 per cent., the population has increased 197.2 per cent., that the total revenue from direct taxation has increased 694 per cent.; in other words, direct taxation has increased 3.57 times the rate that the population has. He estimates

that not more than one out of five of the citizens of Vancouver is a tax payer and asks why one-fifth of the population should pay the taxes and let four-fifths go free. The workingman who happens to be a lot-owner, helps to shoulder the burden of the 92,000 non-contributors. His condition is even worse, as in the net general taxes are not included water rates, electric lighting, sprinkling taxes or local improvement taxes, the charge for the last named amounting to \$501,743 for the present year. To some, or perhaps all of these, he may have to contribute in addition. Nor do these facts exhaust the unfairness of the situation; if he has bought his lot, but has not yet managed to build his house, he must contribute as his part of the net general taxes to the cost of police protection, though his lot cannot be stolen or destroyed, and to fire protection, though it cannot be burned or even singed, while the skyscraper enjoys both without expending a cent. The value of those privileges which the owner of the skyscraper enjoys and does not pay for, and which the lot-owner pays for but does not enjoy, is very considerable. Last year the expenditure of the fire and light committee was \$413,516.74, and of the police committee, \$397,928.59, the two together making \$811,445.33. Fire towers and a harbor fire boat are also spoken of as probable purchases, the latter to cost \$125,000. These, too, will no doubt be charged to the lot-owner, who does not require them, while the improvements which alone need their protection will go scot free."

Mr. Wade does not seem to have referred to schools. It is difficult to understand why a vacant lot should pay as much for the support of the schools as the same area covered by an apartment house in which there might be one hundred children of school age residing.

He goes on and shows the increase in assessment, the increase in arrears, the unpaid taxes and the increase in the tax rate. Mr. Wade gives the total amounts. The following schedule shows it worked out on a percentage basis, and this schedule has the last amounts quoted by Mr. Wade.

ASSESSMENT INCREASE

Vancouver	1913 over 1912, 4 6%	1914 over 1913, 5 8%	1914 over 1912, 8 6%
Victoria	1913 over 1912, 24 2%		
Calgary	1913 over 1912, 18 1%		
Edmonton	1913 over 1912, 52 7%		
Lethbridge	1913 over 1912, 43 3%		
Regina	1913 over 1912, 31 7%		
Prince Albert	1913 over 1912, 69 6%		
Moose Jaw	1914 under 1913, 31 2%		
Vancouver	1914—\$ 150,456,660	Lethbridge	1913 \$ 14,389,075
Victoria	1913— 89,130,150	Regina	1913— 72,502,630
Calgary	1913— 120,801,558	Prince Albert	1913— 29,195,723
Edmonton	1913— 188,539,110	Moose Jaw	an honest decrease in 1914 from 1913 of --11,665,062

INCREASE IN UNPAID TAXES

Vancouver	1912 over 1911, 92.1%;	1913 over 1912, 42.8%;	1913 over 1911, 174.4		
Victoria	1913 over 1912, 75.8%;	1914 over 1913, 105.7%;	1914 over 1912, 261.6		
Edmonton	1912 over 1911, 114.9%;	1913 over 1912, 141.9%;	1913 over 1911, 420.0		
Lethbridge	1913 over 1912, 107.8%				
Prince Albert	1913 over 1912, 115.7%				
Medicine Hat	1913 over 1912, 190.6%				
Saskatoon	1913 over 1912, 128.8%				
Vancouver	1913—\$	728,695	Medicine Hat	1913—\$	76,211
Victoria	1913—	261,369	Prince Albert	1913—	142,999
Edmonton	1913—	1,082,746	Saskatoon	1913—	212,595
Lethbridge	1913—	114,940			

INCREASE IN TAX RATE

Vancouver	1913 over 1912, 12.0%		
Victoria	1914 over 1913, 12.7%		
Calgary	1913 over 1912, 50.0%;	1914 over 1913, 10.7%;	1914 over 1912, 66%
Edmonton	1913 over 1912, 33.3%		
Lethbridge	1913 over 1912, 22.7%;	1914 over 1913, 18.5%;	1914 over 1912, 45.4
Moose Jaw	1914 over 1912, 62.0%		
Vancouver	1914—22.44 mills	Edmonton	1913—16.0 mills
Victoria	1914—20.0 mills	Lethbridge	1914—32.0 mills
Calgary	1914—20.75 mills	Moose Jaw	1914—17.5 mills

"Not only is the increment taxed but the decrement is taxed as increment, and taxed at a higher rate than the increment was. The breaking point will soon be reached in this predatory gain. In fact, in some instances it has already arrived."

Four great principles of taxation were formulated by Adam Smith, approved by John Stuart Mill, and subsequent political economists of note, and are regarded as axiomatic. The first is that taxation shall be equal: "I, The subjects of every state ought to contribute to the support of the Government, as nearly as possible in proportion to their respective abilities, that is, in proportion to the revenue which they respectively enjoy under the protection of the state. In the observation or neglect of this maxim consists what is called the equality or inequality of taxation." A greater gulf than that which yawns between this famous principle, and so-called single tax cannot be imagined.

"Everyone receives some benefit from civic government and owes some contribution, small though it may be, but under the so-called single tax only one citizen in five, in the case I have cited, pays for the civic upkeep, while four in five escape the burden altogether. Twenty-two thousand pay the way for 114,220, and 92,000 comfortably escape all responsibility. What could be more outrageously unfair? But that is not all. In distributing the tax over a few who shoulder the whole burden, most unjust discrimination is shown. The man with the vacant lot receives no revenue from his possession. He may be out of pocket for various items that go to the cost of upkeep.

His neighbor with an equal area and capital enough to build a sixteen-storey skyscraper pays the same tax although his capital enables him to multiply his area by sixteen and his earning power accordingly. If there is unearned increment and community-made value in the ground floor, there is community-made value and unearned increment in every storey of the structure. Can there be any doubt about this? The price of the land will be the same to the purchaser who proposes to place a one-storey building on it as to the purchaser who intends to erect sixteen storeys. Every advantage of position and neighborhood, which adds to the value of the land, adds independently to the value of every storey of the building. The same bricks and mortar produce ten times more revenue in one locality than they can earn in another. In each case the materials used and the industry exerted is the same. The difference is community-made, is unearned increment. Place the same sixteen storeys on the peak of Grouse Mountain and they would be worth less than nothing—worth their whole cost less than nothing. Is not the value of each storey, therefore, community-made? If so, is it not unearned increment? If so, what valid reason can be advanced by the single taxer why "improvements" should not be taxed?"

"But if community-made values are to be the source of all taxes, why should land bear the whole brunt of civic taxation. Mr. Carnegie disposed of the Carnegie Steel Company to the late J. P. Morgan for \$500,000,000. How much of that vast sum was the product of Mr. Carnegie's industry, and how much of it was community-made value? How much of the fortunes of the Rothschilds, the Rockefellers, the Astors, the Vanderbilts, the Morgans, the Harrimans and hundreds of others was community-made? Even if it were all community-made, if it were all unearned increment, only a small fraction proceeded from speculation in land. At this point then "single tax" hopelessly breaks down. While professing to be levied on community-made values it over-looks all community-made values save one; it spares the millionaires and billionaires, who have made the vast fortunes of the world in steel shares, oil shares, railway securities, bank stocks and the hundred other forms of investment and speculation on a huge scale, and saddles all civic expense on the land-owners, who constitute a mere fraction of the community, and whose profits are infinitesimal compared with those of the bigger interests. A system of taxation based on community-made

values must tax all community-made values. The selection of a small group to carry the whole burden is arbitrary and unjust; it is legalized robbery."

The following is an extract from a private letter dated August 13th, 1913, written by a Professor of Political Economy of high rank, a world wide reputation and one who has made a keen study of taxation. Have not his permission to quote him.

"The real secret of the matter is, of course, the excessive expenditure of the municipalities and the necessity of heavy taxes to meet these expenditures. The smaller the class upon which the tax falls, the less effective is the resistance to it. You are quite right in regarding the non-taxation of improvements as likely to promote concentration. There is, however, another aspect of the case which the so-called tax-reformers have also overlooked. That is the effect of these taxation schemes upon municipal credit. Either the valuation of the land (as land only) must be fictitious, (that is, must include also improvements), or the assessable property in any given district will be of less amount than it is now, the improvements being eliminated. This must mean a diminution of municipal security and credit. If the valuation is kept low the tax rate must be high, and a high tax rate will act as a deterrent to immigration. Since the towns cannot maintain the price of urban land without immigration, that price must fall if immigration is checked.

"I think that it is quite true that these taxations fads will pass away. They have come and gone before, but meanwhile they are very troublesome and they may be ruinous to some localities.

"However, I am convinced that the proper way to attack the question is to insist upon severe economy in expenditure, to curb the craze for granolithic boulevards and for other luxuries which new towns simply cannot afford. Municipal extravagance must lead to high taxation, irrespective of the particular system which may be adopted. Of course the whole thing is dishonest, people are induced to come into a country because of the cheapness and ready transferrability of land, and then find that by an act of local legislature they may be deprived of it altogether.

"The single tax people are almost invariably irresponsible wind bags, and are nearly always quite unscrupulous in argument. The only merit their propaganda has is that it does make people in their own interest study these questions, which are after all quite vital."

SINGLE TAX

*As Viewed by the Most Competent and Well-Known
Political Economists*

Francis A. Walker, President Massachusetts Institute of Technology and author of *Political Economy, Discussions in Economics and Statistics, The Wages Questions, International Bimetallism, Land and Its Rent, etc.*

In "Political Economy" treats the subject with brevity but great clearness, showing that if the state allows and encourages one to purchase land with his earnings, perhaps even selling him the land itself and putting the money in its treasury, and then by Henry George's proposed process takes away without compensation either the land or the right to its full rental, "it becomes simply a robber, neither more nor less." He also traces the growth of private ownership out of the original primitive tribal tenure of land, and shown that, notwithstanding the abuse of power by which private ownership has frequently been established, the chief reason was that communal use is unproductive and unprofitable. He says common ownership has two fundamental evils: (a) The amount of political machinery required and the tremendous power for favoritism and corruption, (b) Abuse of the soil when cultivated by those without enduring interest in its development and preserved fertility, thus affecting the community's very subsistence. Gives excellent illustrations of this last point.

Richard T. Ely, Director of School of Economics, Political Science and History, University of Wisconsin, and author of *Taxation in American States and Cities, Outlines of Economics, Introduction to Political Economy, Labor Movement in America, French and German Socialism, etc.*

Has a brief but telling reply in the book first mentioned to George's assertion that what the individual produces by his own labor is his, therefore not justly taxable. Summarized, Ely's reply is this: "There is in modern society no such individual production as George assumes. What have I produced alone and unaided? Nothing. All modern production is social and the independence of the individual is felt in a thousand ways. Consequently society has a claim upon each and all."

W. M. Daniels, Professor of Political Economy in Princeton University, author of *Elements of Public Finance.*

Daniels points out that whatever be the fundamental justification of private property of any kind, there is no reason *a priori* why private ownership of land may not be as private ownership of material chattels. Human labor is not the cause of the matter of any material product, only of its form, therefore if a man is to have the right of property in the product, he must have been allowed to appropriate the material which was as much a gift of God to humanity as land was. He disposes of the purely utilitarian side of the single tax theory (as distinguished from its ethical basis discussed above) by saying there is no historical or theoretical ground for assuming that the community's increase of productive power and consequent demand for the factors of production applied in any fixed measure more to land than to capital or labor. Daniels also holds that private property (and he admits no difference in forms of private property) is the most efficacious method society has devised to minimize the suffering involved in the struggle for existence. It secures possibility for the greatest self-realization of the *rational persons who constitute Society*. In his opinion this is sufficient moral justification. His arguments are logical and scholarly, but not quite simple enough for the largest class of readers.

—Carl C. Plehn, University of California, author of Introduction to Public Finance.

Plehn reminds us that the growth of taxation, based upon experience has been toward greater complication rather than toward simplicity. The complexity of civilization required this in the interest of both justice and expediency. No nation ever found any single tax feasible as a source of income; none at all advanced in civilization attempts to conduct its government entirely from the earnings of its domains or industries. Perfection lies in the way of a mixed system that combines benefit and faculty to pay with the greatest possible simplicity and universal justice. He says a single tax on income might be made satisfactory from a fiscal point of view but would fail to answer the simplest requirements of justice, and that single tax on land would not only be unjust and inexpedient but would also fail to raise the necessary revenue. He gives a few of the common arguments as to its injustice, but dwells chiefly upon its fiscal unsoundness, with figures to prove that no tax on land alone, sufficiently large to pay the entire cost of government, could be appropriated without quickly defeating its own end by ruining the user of the land and prohibiting its cultivation.

A. T. Hadley, President of Yale University, formerly Professor of Political Economy, sometime Labor Commissioner of Connecticut, and one of the most prominent living experts on social and economic problems, author of *Railroad Transportation, Its History and Laws*; *Economics*, etc.

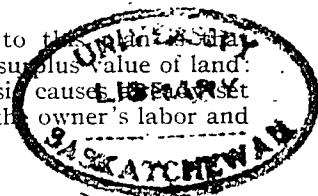
His discussion of single tax in *Economics* is notable for ~~common-sense business-like treatment~~ instead of theoretical argument. He shows the impossibility of making any such sharp distinction between rent and profits as the single tax theory contemplates. They shade into each other by insensible graduations. Rent cannot be regarded as enduring for all time, for land may lose value as well as gain it. Though rent is chiefly due to growth of population rather than to the controlling hand of an individual, a speculator without special skill in serving the public is more apt to lose than gain. With exceptions, of course, it is a general rule that large returns on real estate have been made by men who used their capital or earnings, rather than kept it idle, and who developed the property at considerable risk instead of waiting for others to do it. There are plenty of failures. Single tax proposes to deprive the investor of any surplus above the current rate of interest. Would it also guarantee him against loss? Loss and bad management of real estate are large now, they would be greater if shifted to society as a whole.

It is not a legal possibility to overturn recognized rights without compensation. The existence of law depends upon the continuity of its application. It is an axiom of political science that private property, whether unearned increment or anything else, must not be taken without compensation. If for this reason the fiscal success of single tax is questionable when applied to past unearned increment, how much more so if we deal with the future only, without knowing what land values will be?

Charles Gide, professor of Political Economy in the University of Montpellier, France, a recognized European authority.

Gide's attitude toward single tax is more clearly expressed by his advocacy of wholly different principles than by his direct discussion of it, but he says this emphatically enough:

"The great practical objection to the ~~single tax~~ is that there are usually two elements in the surplus value of land: one arises from the social and extrinsic causes set forth, but the other may result from the owner's labor and



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from the advances he has made. Were we to establish such a tax, we should have to be careful to abstain from touching this second element; not only for fear of violating the principles of equity,—for this portion of the increment is the product of labor,—but also for fear of discouraging all initiative and all progress in agricultural operations, which, we are aware, even now go too much by way of routine. Nor is it impossible to follow out such a plan."

Henry Carter Adams, professor of Political Economy and Finance, University of Michigan, author of the *Science of Finance* and one of the best known American students of public expenditures and revenues.

In "The Science of Finance," Adams first discusses single tax in its relation to land policies, rather than as a source of revenue, and points out that by removing motive for land owning except in connection with occupancy, its logical result is a tenant system with the state as landlord. The acceptance of this as beneficial would be a reversal of eight centuries of the history of English-speaking people. He shows that at least as a proposition for solving the labor problem, and hence effecting social reform, it does not bear the test of analysis. The question at issue is whether transfer of ownership to the state will make "free land" in the sense that the laborer will always have the opportunity to create his own wages by working on land instead of working for an employer at wages offered. Adams says this has but one answer. Land is no more accessible by the landless when its full rental value is demanded by the state than when the interest for its purchase money is demanded by the money-lender. Anyone who can guarantee the interest on a sum of money equal to the capitalization of the annual rent can secure land under the existing system. What more can he do should the state, as proprietor, demand annually a tax of 100 per cent. upon the rental? In short, a tax on *Rental value* to its full amount, which is what single tax proposes to prevent landlordism, cannot change the level of wages, or establish a national law of wages, or enlarge the liberty of the worker.

Finally Adams illuminates, in much the terms of others, the obvious error of assuming that the influence of social evolution upon values is confined to real estate, and of overlooking both the duty of other classes of property to pay for special service received and the administrative inexpediency of a single tax to support separate civil divisions of government.

Edwin R. A. Seligman, professor of Political Economy and Finance, Columbia University, author of *Essays in Taxations*, *The Shifting and Incidence of Taxation*, etc., and perhaps the widest quoted at home and abroad of any American authority.

In the third edition of Seligman's classic *Essays in Taxation* a full chapter is given to single tax. Its history as a movement since its inception in Europe in the seventeenth century is analyzed, and the arguments for and against are weighed clearly and impartially from practically every viewpoint. By what would seem to be irrefutable logic he proves the theory defective from all; practically, fiscally, politically, ethically and economically. On the whole, his facts and arguments are like those of the other writers quoted, although carried into greater detail. He gives particular attention, however, to the effect upon poor and new communities, upon farmers and agricultural interests, and upon the poor in rich communities. He emphasizes that while the poor backwoods or rural community (that is, poor in taxable values) will be utterly unable to raise revenue for current expenses and improvements, it cannot hope to share the revenue raised in richer communities because the latter will never relinquish them voluntarily and, having the power, will escape compulsion. Every county and town must stand on its own feet, and if the single tax is unable to defray even the local expenses of a poor community not to speak of its share of general state expenses, it is clearly beyond the realm of practical politics. He predicts destruction of the one class above all others upon which our prosperity rests—the class of independent small farmers. He denies that the inhabitants of congested portions of large cities would be relieved of rent burden or discomfort by stimulation of suburban building, for the reason that rents are already lower in the suburbs than in tenements but the latter are none the less crowded. This is largely a question of convenience and transportation cost. Moreover, since wages can be increased only through increase either of capital or efficiency, no system of taxation can improve them. This chapter in its entirety constitutes one of the most complete, simple and readable refutations of single tax, but is too cumulative in its logic to afford ideal quotations except, perhaps, its concluding page:

“We have learned first, that it would be inelastic, and that it would intensify the inequalities resulting from unjust assessments; secondly, that although itself proposed

chiefly from social considerations it would prevent the government from utilizing the taxing power for other social purposes, and that it would divorce the interests of the people from those of the Government; thirdly, that it would offend against the canons of universality and equality of taxation, and that it would seriously exaggerate the difference between profits from land and profits from other sources; and finally, that it would be entirely inadequate in poor and new communities, that it would generally have an injurious influence on the farmer, and that even in the large urban centres it would exempt large sections of the population without bringing any substantial relief to the poorer classes.

"It is clearly impossible to discuss in this place the wider claim of single-taxers, that the application of their scheme would introduce the social millennium. If economists thought that the distinguished single-tax leader had solved this problem, they would enthrone him high on their council seats; they would reverently bend the knee and acknowledge him a master, a prophet. But when he comes to them with a tale that is as old as the hills; when he sets forth in his writings doctrines that have long since been refuted; when in his enthusiasm he seeks to impose a remedy which appears to them as unjust as it is one-sided, as inconsistent as it is inequitable,—they have a right to protest. This is not the first time that some enthusiast has supposed that he has discovered a world-saving panacea. The remedy for social maladjustments does not lie in any such lopsided idea; the only cure is the slow, gradual evolution of the moral conscience of mankind. We cannot solve the labor problem by any rule of the thumb. Every student of history, of political philosophy of economics, will tell us that the progress of the race has been slow and painful; that the world has advanced step by step; and that each successive step, to be enduring, must be founded on justice. To suppose for a moment that the social millennium will be ushered in by any one sudden change—even were the change not so lamentably inadequate as the one above discussed—is an evidence not of wisdom, but of short-sightedness.

"Even as a method of tax reform, the scheme is, as we have seen, a mistaken one. Our system of taxation is far from being ideal, or even comparatively just; for we are still clinging in a great degree to medieval errors. But whatever be the much needed reform, it is safe to say that neither the common people nor the student will ever accept

a scheme which is palpably unjust, which abandons the whole ideal theory of modern taxation—that of relative ability of faculty—and which seeks to put the burdens of the many on the shoulders of the few.”

NOTE:—

One principle regarded as axiomatic by all these writers—that because there is no such thing as individually produced wealth for which he owes society nothing, every citizen should bear a share of the cost of government—has been put very well by no less an authority than Huxley, who said:

“I cannot speak of my own knowledge, but I have every reason to believe that I came into this world a small, reddish person, certainly without a gold spoon in my mouth, and in fact with no discernible abstract or concrete “rights” or property of any description. If a foot was not at once set upon me as a squalling nuisance, it was either the natural affections of those about me, which I certainly had done nothing to deserve or the fear of the law, which, ages before my birth, was painfully built up by the society into which I intruded; that prevented that catastrophe. If I was nourished, cared for, saved from the vagabondage of a wastrel, taught, I certainly am not aware that I did anything to deserve those advantages. And, if I possess anything now, it strikes me that, though I may have fairly earned my day’s wages for my day’s work, and may justly call them my property, yet, without that organization of society, created out of the toil and blood of long generations before my time, I should probably have had nothing but a flint axe and an indifferent hut to call my own; and even those would be mine only so long as no stronger savage came my way. So that if society having—quite gratuitously—done all these things for me, asks me in turn to do something towards its preservation,—even if that something is to contribute to the teaching of other men’s children,—I really, in spite of all my individualist leanings, feel rather ashamed to say “No.” And if I were not ashamed, I cannot say that I think society would be dealing unjustly with me in converting the moral obligation into a legal one. There is a manifest unfairness in letting all the burden be borne by the willing horse.”

VOLTAIRE ON SINGLE TAX

His Satire "The Man With Forty Crowns," That Caused France to Repudiate Single Tax in the Seventeenth Century

Voltaire pictured the position of the French peasant toiling laboriously, amid conditions of unspeakable distress, but succeeding in getting from the soil a product equivalent to forty crowns. The tax-gatherer comes along, finds that the peasant can manage to keep body and soul together on twenty crowns, and takes away the other twenty. Then the peasant meets an old acquaintance, originally poor, who has been left a fortune of 400,000 crowns a year in money and securities. He rolls along the highway in a six-horse chariot, with six lackeys each with double the peasant's income; his Maitre d'hotel gets 2,000 crowns salary and steals 20,000; his mistress costs 80,000 crowns a year. "You pay, of course, half your income, 200,000 crowns, to the state?" asked the peasant. "You are joking, my friend," answered he, "I am no landed proprietor like you. The tax gatherer would be an imbecile to assess me; for everything I have comes ultimately from the land and somebody has paid the tax already. To make me pay would be intolerable double taxation. Ta-ta, my friend, you just pay your single tax, enjoy your clear income of twenty crowns; serve your country well, and come once in a while and take dinner with my lackey. Yes, yes, the single tax, it is a glorious thing!"

CONDENSED FROM "ESSAYS ON TAXATION"

By E. R. A. Seligman, Columbia University

Single tax (graduated or otherwise) is unjust. While it professes to return society-made values to society, it exempts the many forms of wealth which quite as much as land values are due to the existence of society. There is no such thing as individual production. All wealth is made by exploiting community-made conditions, including the needs and services of labor. There is no justice in singling our land and sparing the others.

Single tax (graduated or otherwise) is uneconomic. By confiscating land values it reduces land to a mere instrument for temporary use. This means abuse of the

soil because cultivated by those without enduring interest in its fertility, also lack of land reclamation and development. These mean less food to supply consumers and higher food prices—attacks upon the community's very subsistence.

Single tax (graduated or otherwise) is dangerous. Aside from all its principles, it places the tax-gathering power—the most dangerous power in government—beyond the safeguard of common interest. With all classes but one exempted from any need of watching men or methods to prevent oppression, exhortation and extravagance, a most corrupt and powerful machine is certain to follow.

Single tax (graduated or otherwise) is impracticable. It can not produce the required revenue. Whatever may appear from figures based on present land values, its effect must reduce such values to a point where they cannot support the tax. The poorer and less developed the community, the quicker will its tax sources be destroyed.

Single tax (graduated or otherwise) is ambiguous. It is incapable of the clear definition and understanding necessary to intelligent adoption or execution. It is based wholly on upsetting social conditions and bringing about new ones that cannot be accurately forecast. Instead of attempting to utilize the history of eight centuries of English-speaking people in tax reform, it attempts to bring about an untried situation and legislate for it in advance without experience. Naturally it cannot present any clear-cut working method.

Single tax (graduated or otherwise) requires impossibilities. It purports to spare values due to the land owner's personal effort, but in practice this cannot be done. What assessor can measure the labor and expense involved in cultivating or improving any tract unless he knows its exact original condition and of every hour and cent spent upon it later? No two tracts, however alike now, represent identically the same effort.

Single tax (graduated or otherwise) punishes the poor. The rich can evade its consequences, at least partially, for there are many alternative investments. But the wage-earner whose sole hope of investment is in a home of his own, the farmer who knows no trade but using the land, the consumer whose food is to be curtailed in production and then subjected to speculators who can hold it without tax—these have no alternative.

Single tax (graduated or otherwise) says to the little investor as well as to the big one—to the wage-earner who invests his savings in a home and to the settler who braves

privations to acquire one: "You shall have no profit. Profit belongs to us." Will it also guarantee him against loss?

Single tax (graduated or otherwise) is an abandoned device for tax reform. All progressive countries are working toward income tax, taxing all wealth on the basis of its ability to pay. It is a proposal hundreds of years old, exploded every time it has been studied seriously, and now only kept alive by funds contributed by enemies of income tax.

Single tax (graduated or otherwise) is not a Provincial or Dominion movement. The only reason it is before the public is that the Eastern millionaire, Fels, and his associates have spent immense sums for hired writers, speakers and petition-carriers.

No good movement ever depended wholly on paid agitators.

There is double cause to suspect agitation paid for by interests with no stake in the community.

There is treble cause when it seeks legislation to favor such interests at the expense of others.

Single tax (graduated or otherwise) exempts Mr. Fels' business and big business generally.

Although twisted and emphasized to give the impression that it is to raise all revenue by taxing franchises and large land owners; *legally* the graduated land tax bill establishes single tax in each county, without exemption for small owners or progressive rates upon large owners, and additionally provides a graduated *state* tax to be spent by the legislative politicians unless they see fit to devote some to the counties.

Wealth in general is exempted. — The farmer and little lot or home owner is to pay higher taxes for local purposes. The big owner is to provide also a fund to be spent by a legislature in which the exempted interests have majority representation. In other words, the total tax burden of the state is to be increased. If this is what is desired, why conceal it in ambiguous language?

Single-tax increases the farmer's and home owner's taxes. It destroys the value of their property. Both these things, the last because of the first, are professed objects of single tax. Its breath of life is in attacking the morality of land ownership. It is by these things that it proposes to produce the millennium.

Does the promoter of single tax deny this and seek to prove by figures (repudiated by the county officials from

whose books they repute to come) the absurdity that exemption of millions in wealth other than land will not require land to make up the lost revenue?

Single tax arrays against the small land holder all the personal prejudices that can be fostered against the large land holder. We feel more charitable toward the former but he is bracketed by single tax in a class deserving punishment. He will not always escape.

The tax gathering power, if unjustly used, is the world's greatest instrument for corruption, oppression, and destruction of individuals and industries. What safeguard remains for the farmer or home owner when all other classes are arrayed against him, exempt and without interest unless to profit by extortion, extravagance and political power?

Single tax does not help the wage-earner. He pays practically nothing now upon his personal effects. It is his employer who will profit—the man who rides in automobiles and grows rich, *not by owning land but by exploiting the needs and services of labor.*

What the capitalist saves by single tax must be paid by land, passing the burden back to the wage-earner in the form of higher food prices. More than that, the speculator in cornered necessities of life, paying no tax while holding them can wait till the consumer pays his price.

Single tax exempts wealthy proprietors of great saw-mills, factories and department stores; idle inheritors of great fortunes; middlemen, wholesalers who control the necessities of life, bankers, liquor dealers and loan sharks, landlords of houses and tenements. Does this sound like a wage-earners' law?

Single tax professes to punish the great land and timber owners. How? By taxing them heavily *before* conditions permit realizing anything on their investment, but after they get their millions allowing full enjoyment without being taxed at all.

Single tax says it seeks to confiscate *rent*, because rental values are community-made, and to exempt profits of individual effort. Examine this theory from a common-sense business standpoint and ask how it is to be done. There is no such sharp distinction between rent and profit for the assessor to recognize. They shade into each other.

Rent may not endure, for land may lose as well as gain value. Though rent is chiefly due to growth of population (no more so, however, than the value of any business) the land holder without skill and effort to serve the community is more apt to lose than gain.

There are exceptions, made much of by single tax writers, but it is a rule that returns from land are made by those who use their capital, earnings or labor, rather than keep it idle, and who develop the property at individual risk and expense, instead of waiting for others or for the community to do it. This is true of the farmer, the home builder, the developer of city additions, and the reclaimer of desert or swamp. There are plenty of failures also.

Single tax denies these services and risks. At least it cannot measure them. In order to guarantee the community all profits which otherwise go to an exceptional lucky idler, it is obliged to confiscate them along with community-contributed values. It does this to no other form of human effort. Nowhere else is the investor asked to take all the risk, pay all society's taxes, give up profit to society, and yet be unreimbursed by society if the venture fails. If it is denied that single tax does this ask how the assessor is to separate rent and profit.

Respectfully submitted,

WM. PEARCE.

Calgary, January 9th, 1915



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